

FISCAL NOTE

SB 1913 - HB 2235

March 9, 2005

SUMMARY OF BILL: Prohibits any state employee, employee of a statutorily created board, or employee of the Tennessee Education Lottery Corporation (TELC) from receiving a salary in excess of two-hundred percent (200%) of the salary paid to the governor, unless the governor issues prior written approval stating the higher salary is necessary, appropriate and in the best interest of the people of Tennessee.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact - To the extent the governor does not approve salaries in excess of \$170,000 per year for State of Tennessee employees and higher education employees, state expenditures could decrease by approximately \$398,000 per year. To the extent the governor does not approve salaries in excess of \$170,000 per year for TELC employees, TELC expenditures could decrease by an amount estimated at \$210,000 per year. To the extent bonus compensation is included for purposes set forth in this legislation, state and TELC expenditures could be reduced more. Any reduction of TELC expenditures could fund additional scholarships or other constitutionally permissible expenditures provided there is no offsetting or greater decrease of lottery sales revenue.

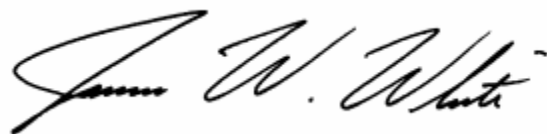
Assumptions:

- Governor's salary is \$85,000 per year.
- 200% of \$85,000 is \$170,000 per year.
- Bonus compensation is not included.
- Employee productivity remains constant.
- TELC gross sales remain constant.
- There are ten (10) state employees earning salaries in excess of \$170,000 per year.
- To the extent the governor does not approve salaries in excess of \$170,000 per year for the ten (10) State of Tennessee employees, state expenditures could decrease by an amount estimated at \$198,000 per year.

- To the extent higher education has a number of employees earning over \$170,000 that is similar to the number of State of Tennessee employees earning over \$170,000, state expenditures could be reduced by approximately \$200,000 per year.
- To the extent the governor does not approve salaries in excess of \$170,000 per year for TELC employees, TELC expenditures could decrease by an amount estimated at \$210,000 per year.
- To the extent bonus compensation is included for purposes set forth in this legislation, state and TELC expenditures could be reduced more.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director